

SouthEast Telephone

Action Is Needed to Preserve Competition in Rural Telecommunications Markets

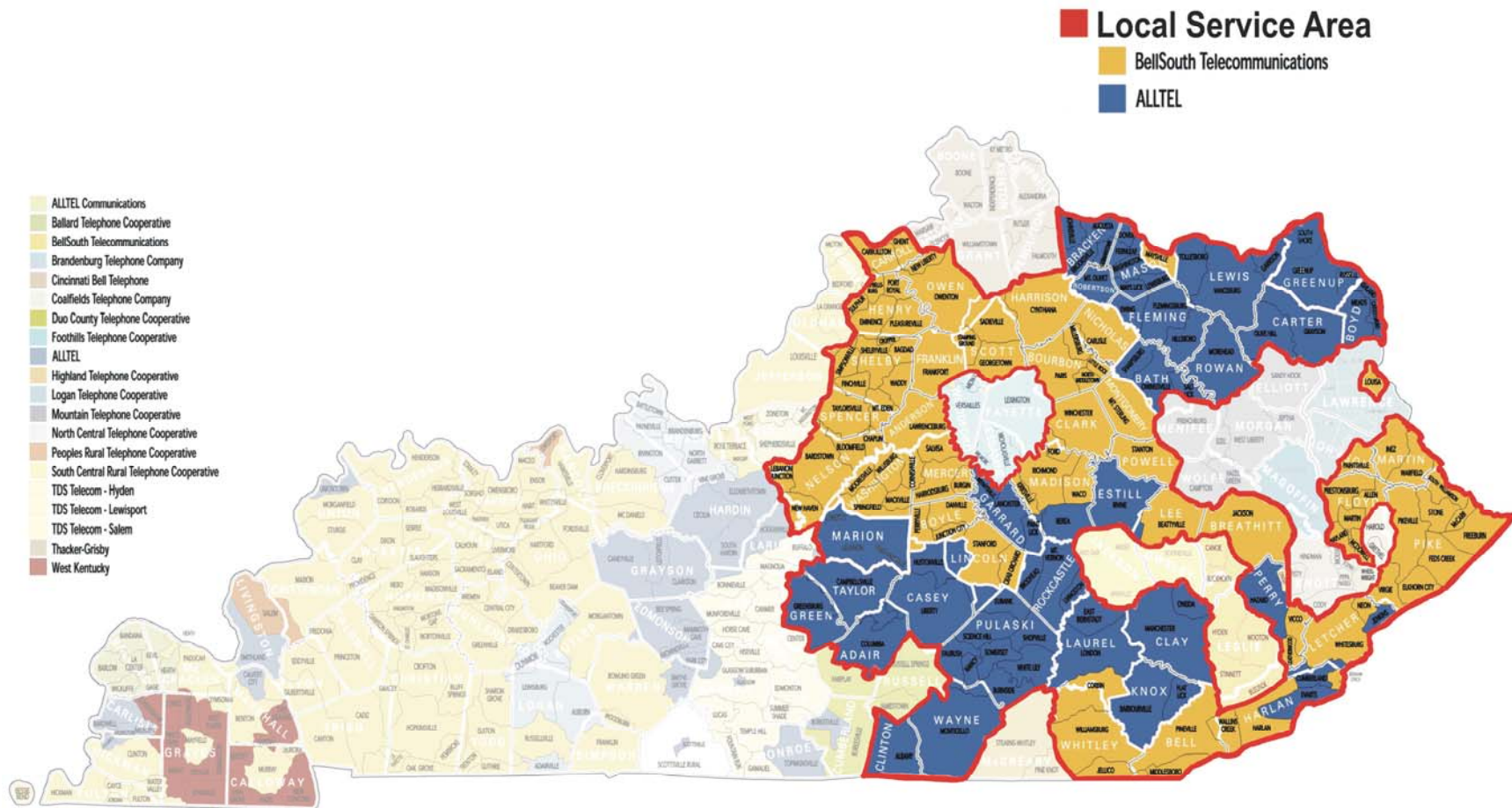
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Summary


- SouthEast is a facilities-based CLEC providing telecom and Internet service to mass market consumers in the rural areas served by AT&T/BellSouth in Kentucky.
- SouthEast is deploying broadband fiber to consumers in our rural service areas.
 - This competitive deployment will benefit consumers, but due to sparse population density in rural areas, is relatively costly and time-consuming.
- In the meantime, we still need to use AT&T/BellSouth network elements and combinations in order to compete and serve customers.
 - State PSCs must have authority to ensure that RBOCs provide §271 “Competitive Checklist” elements at just and reasonable terms and rates in rural areas.

SouthEast Telephone: Focused on Rural, Mass-Market Consumers

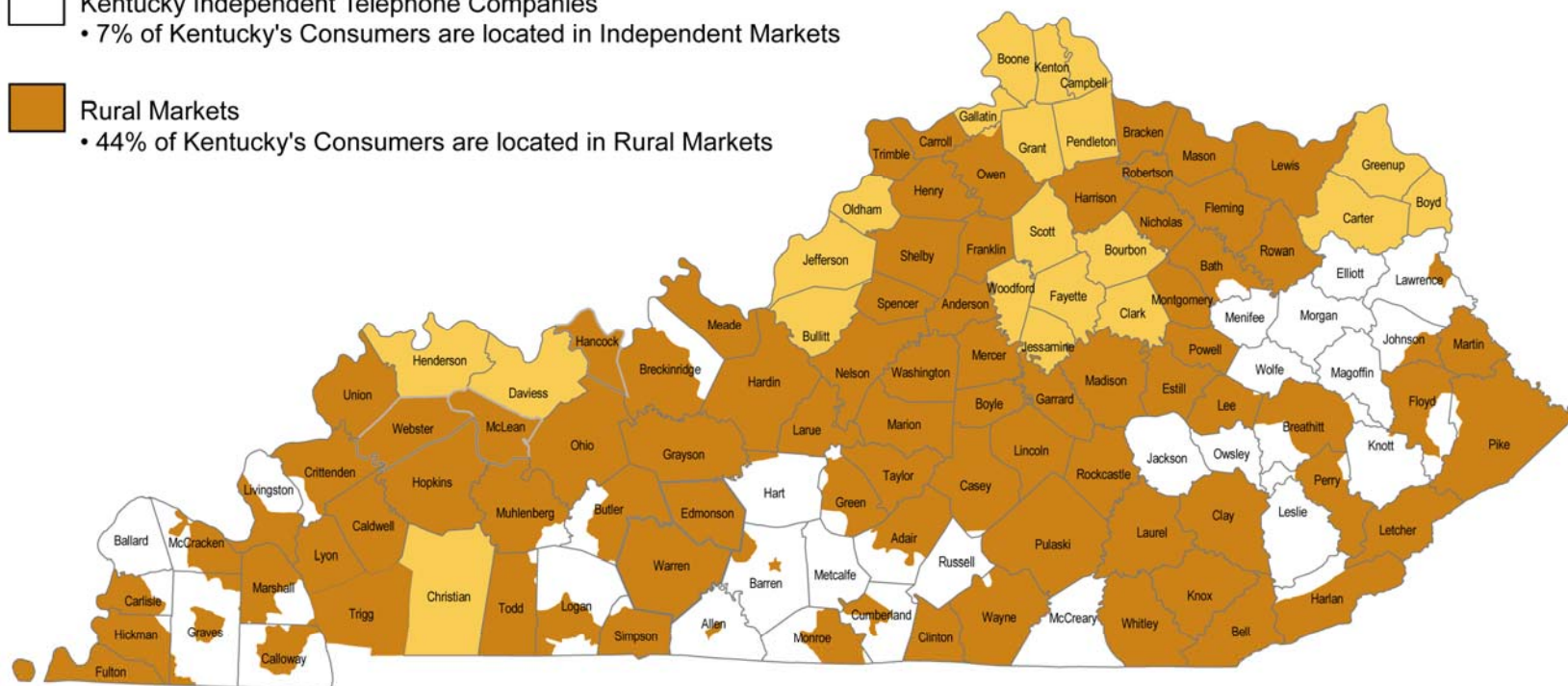


40% of AT&T/BellSouth Kentucky Consumers Live in Rural Markets

 Metropolitan Markets
• 49% of Kentucky's Consumers are located in the Metropolitan Markets

 Kentucky Independent Telephone Companies
• 7% of Kentucky's Consumers are located in Independent Markets

 Rural Markets
• 44% of Kentucky's Consumers are located in Rural Markets



• BellSouth, Alltel, Independent, & Cincinnati Bell service areas in Kentucky

SouthEast Builds Fiber to Rural Areas and Interconnects at Remote Nodes



SouthEast Needs Access to ILEC Network Elements to Serve Consumers

- Pending our fiber deployment, we still need the opportunity to access combinations of AT&T/BellSouth network elements to serve our consumers.
- AT&T/BellSouth committed to open its local markets to competition by offering “Competitive Checklist” elements, in exchange for §271 long-distance entry.
- AT&T/BellSouth is failing to keep its promises to rural Kentucky.
 - AT&T/BellSouth service quality to SouthEast has deteriorated sharply – causing repeat repairs that harm SouthEast’s standing with consumers.
 - AT&T/BellSouth undermines competition with below-cost “win-back” promotions.
- AT&T/BellSouth adamantly rejects the Kentucky PSC’s efforts to address these issues.

Action is Needed to Preserve Opportunities for Rural Competition

- State PSCs must have authority to oversee the just, reasonable, and nondiscriminatory rates and terms for RBOCs' § 271 elements in interconnection agreements.
 - AT&T/BellSouth also should offer CLECs discounted wholesale DSL.
 - AT&T/BellSouth should provide CLECs with access to decommissioned copper loops.
- SouthEast Telephone does not object to relaxation of RBOCs' regulatory constraints in markets that have multiple facilities-based competitors.
 - But there is virtually no facilities-based competition in rural Kentucky.
 - AT&T/BellSouth is focusing broadband deployment mostly in urban areas – rural consumers are being left out.